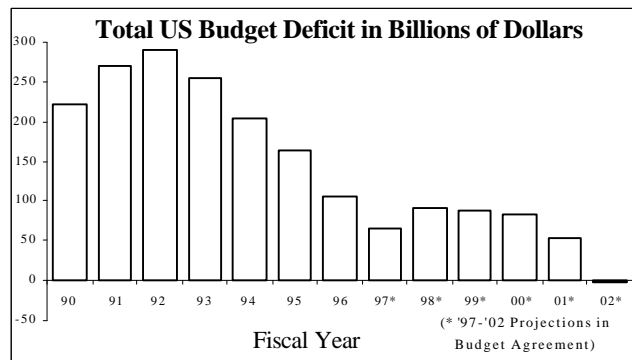
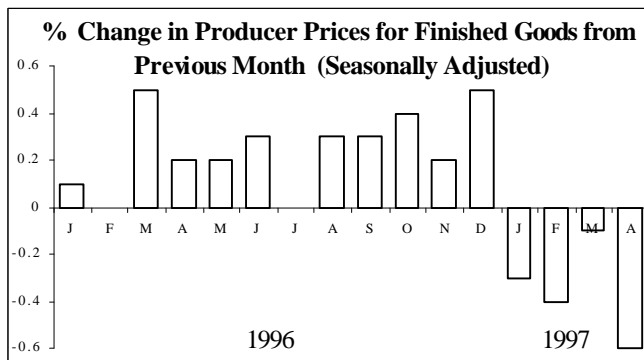


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PRODUCER PRICES PLUNGE IN APRIL

The Labor Department reported that in April producer prices for finished goods fell 0.6%, to a level only 0.8% higher than in April 1996. Much of the decline was related to drops in food and energy prices, while prices for all finished goods, excluding food and energy, remained unchanged. The drop in producer prices, along with a very modest 0.1% rise in consumer prices, probably influenced the Federal Reserve not to raise interest rates in its meeting this week. This was in spite of a very strong GDP growth in the first quarter and a very low unemployment rate in April.

BALANCED BUDGET AGREEMENT PASSES HOUSE

The Balanced Budget Agreement passed this week by the House of Representatives provides a plan to eliminate the federal budget deficit by 2002. This agreement should result in a decline in total government spending as a percentage of GDP from 22.5% to 18.9%, the lowest level since 1966. The agreement does not impose any new cuts in overall defense spending for the next 5 years compared with the levels agreed to in last year's budget resolution.

JAPAN'S TRADE SURPLUS SURGES IN APRIL

The Japanese government reported that Japan's trade surplus with the world increased from \$2.7 billion to \$7.2 billion in April. Japan's surplus with the US increased 174% to \$4.0 billion and Japan's surplus with Europe showed a similar percentage increase. Contributing to the growing surpluses is the weak yen which makes Japan's exports more competitive and discourages imports. As a result, both in terms of value and volume, exports of Japanese products rose and total imports fell.

RUSSIAN MORTALITY CONTINUES TO WORSEN

The Russian government reported that the Russian mortality rate in 1995 was 15 deaths per 1000 persons, double the rate experienced in 1960 and higher than that for all countries in Europe, the Americas and all but two countries in Asia. The higher mortality rate is attributed to worsening health care, poor ecological conditions, and rampant alcoholism. The increase in mortality and a drop in the birth rate has resulted in a decline of 2.7 million in the Russian population between 1992 and 1995.

FUEL PRICES (dollars/bbl) AND EXCHANGE RATES (foreign units/US dollars)

	<u>May 16</u>	<u>May 9</u>		<u>May 16</u>	<u>May 9</u>
Crude Oil (<i>Foreign</i>)	17.14	16.40	DM (<i>Germany</i>)	1.70	1.70
Crude Oil (<i>Domestic</i>)	22.13	20.43	Yen (<i>Japan</i>)	115.6	121.9
Pound (<i>UK</i>)	0.609	0.616	Peso (<i>Mexico</i>)	7.89	7.91
Ruble (<i>CIS</i>)	5761	5755	Won (<i>S. Korea</i>)	892	893

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